

## METHOD AND SYSTEM FOR IMPLEMENTING AN INVENTION EXCHANGE

### BACKGROUND

**[0001]** A stated aim of the U.S. patent system is to benefit the public by enticing inventors, via offering a limited time exclusive right to their inventions, to bring these inventions to the public domain more quickly. Quid pro quo, says the Patent Office: publish an enabling disclosure of your invention in a patent document, and take an exclusive right to the claimed invention for a limited time. The system arguably worked well for the first hundred years of its existence, when most patents consisted of a few drawings and a single page of description. Unfortunately, the intricacies and complexities of a modern patent application require Joe Inventor to spend \$10,000 or more on the legal fees involved with patent application drafting and prosecution alone.

**[0002]** While it is economically efficient for an independent inventor to invest \$10,000 in an invention that would bring royalties or other income in excess of \$10,000, several difficulties arise. First, the value of any invention is extremely uncertain until the invention is patented and royalties (whether through license or court order) are actually paid. Joe Inventor may have invented a \$20 million idea but be unaware of its value, and therefore he may be hesitant to invest \$10,000 in obtaining a patent. The value of inventions, because of their uncertainty, may be best thought of in terms of expectation. For example, if an invention has a 1% likelihood of being worth \$2 million, then its expectation today is \$20,000, which exceeds the \$10,000 patenting cost. Nevertheless, finding the expectation of an invention is extremely difficult and unreliable, and may be costly in and of itself because experts who perform valuations of intellectual property are highly paid.

**[0003]** Second, individuals are often risk-averse, such that even if the expectation of an invention could be reasonably approximated at \$20,000, which may exceed its \$10,000 patenting cost (and thus be an efficient investment), an individual may prefer a 100% at having \$10,000 than a 1% chance at having \$2 million.

**[0004]** Third, with the mounting debt burden of the average American, many inventors, even if they would like to invest in obtaining a patent on their invention, simply do not have the resources available to so invest. For these three and other reasons, it is likely that an enormous number of inventions—some potentially very beneficial and valuable—simply never make it to the marketplace. Or, for those unpatented inventions that are successful, they are unprotected and may be stolen by anyone having more investment resources. If the goal of the U.S. patent system is to bring valuable inventions to the public domain more quickly and to reward their respective inventions for their contributions, the current system is grossly inefficient because of the high hurdles an inventor must jump to obtain protection for his idea.

**[0005]** This country benefits by the proliferation of new, valuable inventions.

### SUMMARY OF THE INVENTION

**[0006]** There is a need for a method and system for creation and implementation of an invention and patent exchange or market. The creation of this marketplace will raise capital for patenting inventions via independent investors and will more efficiently bring inventions to the public domain by enticing

inventors who, for various reasons, do not have the motivation or resources to obtain patent protection on their inventions. The present invention aims to solve these and other problems.

**[0007]** According to one embodiment, a method of implementing an invention exchange comprises: a) soliciting an invention disclosure of an invention; b) publishing the invention disclosure; c) selling a plurality of shares of rights to the invention to raise revenue; d) establishing a first threshold; e) determining if at least one of the revenue, number of shares sold, and total size of shares sold exceeds the first threshold; and f) based at least in part on the determining in step e), causing at least one of a prior art search report to be drafted on the invention and a patent application to be drafted on the invention.

**[0008]** In one aspect, step f) comprises: based at least in part on the determining in step e), causing the prior art search report to be drafted, and the method further comprises: g) establishing a second threshold different than the first threshold; h) determining if at least one of the revenue, number of shares sold, and total size of shares sold exceeds the second threshold; and i) based at least in part on the determining in step h), causing the patent application to be drafted.

**[0009]** In one aspect, the method further comprises: causing a patent to issue on the invention; collecting profit on the patent; and distributing the profit based at least in part on the plurality of shares sold.

**[0010]** In one aspect, steps a)-c) are performed automatically on a website. In one aspect, the method further comprises determining a price for at least one of the shares based at least in part on at least one of the number of shares sold and the total size of shares sold. In one aspect, the method further comprises determining a price for at least one of the shares based at least in part on a time elapsed. In one aspect, step c) comprises selling the plurality of shares by auction. In one aspect, the method further comprises: receiving from a bidder a price-per-portion bid and a desired investment amount; and determining a clearing price of the auction based at least in part on the price-per-portion bid and the desired investment amount.

**[0011]** In one aspect, the method further comprises causing share size to automatically decrease with increase in clearing price. In one aspect, the method further comprises providing a secondary market through which investors who own the shares may sell the shares to others. In one aspect, the method further comprises providing an option for a user to publish prior art regarding the invention. In one aspect, the method further comprises requiring an inventor of the invention to retain a predetermined interest in the invention. In one aspect, the method further comprises: publishing at least one of the prior art search report and the patent application; and offering to purchase at least some of the shares sold in step c).

**[0012]** According to one embodiment, a method of implementing an invention exchange comprises: a) soliciting, via a website, invention disclosures of inventions; b) publishing the invention disclosures via the website; c) selling via the website a plurality of shares of rights to a first invention to raise revenue; d) establishing a first threshold; e) determining if at least one of the revenue, number of shares sold, and total size of shares sold exceeds the first threshold; f) based at least in part on the determining in step e), causing a prior art search report to be drafted on the first invention; g) establishing a second threshold different than the first threshold; h) determining if at least one of the revenue, number of shares sold, and total size of shares sold exceeds the second threshold; and